
HOUSE BILL No. 1478

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1.

Synopsis: Personal property tax audits. Requires county assessors to implement a personal property tax return audit program for taxpayers whose personal property is at least \$50,000 in true tax value. Requires township assessors to provide copies of the personal property tax returns of taxpayers whose personal property is at least \$50,000 in true tax value to the county assessor at the county assessor's request. Authorizes the payment from a county's reassessment fund of costs and fees related to a contract for the discovery of property that has been undervalued or omitted from assessment.

Effective: July 1, 2007.

Kuzman

January 23, 2007, read first time and referred to Committee on Ways and Means.

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First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1478

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-3.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2007]:

4 **Chapter 3.5. Audits of Personal Property Tax Returns**

5 **Sec. 1. This chapter applies to a taxpayer whose personal**
6 **property has a true tax value of at least fifty thousand dollars**
7 **(\$50,000).**

8 **Sec. 2. As used in this chapter, "department" refers to the**
9 **department of local government finance.**

10 **Sec. 3. (a) Before June 30, 2008, a county assessor shall**
11 **implement a program of personal property tax return audits.**

12 **(b) For purposes of this chapter, a township assessor shall, at**
13 **the county assessor's request, provide to the county assessor copies**
14 **of personal property tax returns filed by taxpayers whose personal**
15 **property has a true tax value of at least fifty thousand dollars**
16 **(\$50,000) for purposes of audits of those tax returns under this**
17 **chapter.**



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1 **Sec. 4. (a) An audit of a personal property tax return conducted**
 2 **under this chapter must include the following:**

3 **(1) The examination and verification of the accuracy of the**
 4 **personal property tax return.**

5 **(2) A comparison of the return with the books and records of**
 6 **the taxpayer and with the personal property owned, held,**
 7 **possessed, controlled, or occupied by the taxpayer.**

8 **(b) IC 6-1.1-9-3 does not apply to an audit conducted under this**
 9 **chapter.**

10 **(c) An audit conducted under this chapter is limited to the three**
 11 **(3) assessment years ending before January 1 of the calendar year**
 12 **in which the audit commences.**

13 **Sec. 5. A county assessor shall provide to the taxpayer written**
 14 **notice of an audit conducted under this chapter. The notice must**
 15 **list each year for which returns and other records will be reviewed**
 16 **under the audit. An audit conducted under this chapter commences**
 17 **on the date of the taxpayer's receipt of the notice required by this**
 18 **section.**

19 **Sec. 6. A county assessor shall conclude an audit conducted**
 20 **under this chapter not more than one (1) year after the date on**
 21 **which the taxpayer delivers to the county assessor all books and**
 22 **records requested by the county assessor for purposes of the audit.**

23 **Sec. 7. (a) At least twenty percent (20%) of all county taxpayers**
 24 **subject to this chapter must be audited under this chapter in a**
 25 **particular year. Subject to subsection (b), a county assessor shall**
 26 **audit each taxpayer subject to this chapter at least once during**
 27 **every five (5) year period that the audit program is conducted.**

28 **(b) If a property tax return that a taxpayer filed after December**
 29 **31, 2004, and before January 1, 2007, was examined and verified**
 30 **by a contractor under IC 6-1.1-36-12, a property tax return filed**
 31 **by the taxpayer may not be audited under this chapter until after**
 32 **December 31, 2008.**

33 **Sec. 8. A county assessor may assign any duty imposed by this**
 34 **chapter to a contractor described in IC 6-1.1-36-12.**

35 **Sec. 9. (a) The department shall perform the duties imposed on**
 36 **a county assessor under this chapter if the county assessor fails to**
 37 **implement the audit program required by this chapter.**

38 **(b) The department may enter into a contract with a person to**
 39 **perform the duties imposed upon the department under subsection**
 40 **(a).**

41 **(c) The cost of a contract entered into under subsection (b) shall**
 42 **be paid by the county served by the county assessor who fails to**

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1 implement the audit program. The costs may be paid from the
2 county's reassessment fund.

3 **Sec. 10. (a) Except as provided in subsection (b), the department**
4 **may adopt rules under IC 4-22-2 to carry out this chapter.**

5 **(b) The department shall adopt rules under IC 4-22-2 to govern**
6 **the certification of persons assigned duties under section 8 of this**
7 **chapter.**

8 SECTION 2. IC 6-1.1-36-12, AS AMENDED BY P.L.154-2006,
9 SECTION 54, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
10 JULY 1, 2007]: Sec. 12. (a) A board of county commissioners, a county
11 assessor, or an elected township assessor may enter into a contract for
12 the discovery of property that has been undervalued or omitted from
13 assessment. The contract must prohibit payment to the contractor for
14 discovery of undervaluation or omission with respect to a parcel or
15 personal property return before all appeals of the assessment of the
16 parcel or the assessment under the return have been finalized. The
17 contract may require the contractor to:

18 (1) examine and verify the accuracy of personal property returns
19 filed by taxpayers with a township assessor of a township in the
20 county; and

21 (2) compare a return with the books of the taxpayer and with
22 personal property owned, held, possessed, controlled, or occupied
23 by the taxpayer.

24 (b) This subsection applies if funds are not appropriated for
25 payment of services performed under a contract described in subsection
26 (a). The county auditor may create a special nonreverting fund in which
27 the county treasurer shall deposit the amount of taxes, including
28 penalties and interest, that result from additional assessments on
29 undervalued or omitted property collected from all taxing jurisdictions
30 in the county after deducting the amount of any property tax credits that
31 reduce the owner's property tax liability for the undervalued or omitted
32 property. The fund remains in existence during the term of the contract.
33 Distributions shall be made from the fund without appropriation only
34 for the following purposes:

35 (1) All contract fees and other costs related to the contract.

36 (2) After the payments required by subdivision (1) have been
37 made and the contract has expired, the county auditor shall
38 distribute all money remaining in the fund to the appropriate
39 taxing units in the county using the property tax rates of each
40 taxing unit in effect at the time of the distribution.

41 **(c) If the money in the fund established under subsection (b) is**
42 **insufficient to pay the fees and costs related to a contract described**

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1 **in subsection (a), the county may pay the remaining fees and costs**
2 **from the county's reassessment fund.**

3 ~~(c)~~ **(d)** A board of county commissioners, a county assessor, or an
4 elected township assessor may not contract for services under
5 subsection (a) on a percentage basis.

6 **(e) The department shall adopt rules under IC 4-22-2 to govern**
7 **the certification of persons who wish to obtain a contract under**
8 **this section.**

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